

SENATE BILL 2604
By McNally

AN ACT to amend Tennessee Code Annotated, Title 13,
relative to science parks.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 13, is amended by adding Sections 2 through 7 as a new chapter thereto.

SECTION 2. This act shall be known and may be cited as the "Science Park Administration Act of 2006".

SECTION 3. The general assembly hereby finds and declares that it is in the best interest of this state to foster the formation of science parks to promote innovation through high technology activities.

SECTION 4. As used in this act, unless the context otherwise requires:

(1) "Business or industrial park" means land and rights, easements and franchises relating thereto, and may include adequate roads and streets, water and sewer facilities, utilities, and docks and terminals, as required for the use of industry, and such appurtenant land for necessary incidental use. "Industrial park" may also include a site for the establishment or location of a single industry;

(2) "Department" means the department of economic and community development;

(3) "Science park" means a group of inter-related companies and institutions, including suppliers, service providers, institutions of higher education, start-up incubators, and trade associations that cooperate and compete and are located in a specific location that promotes real estate development, technology transfer, and partnerships between such companies and institutions; and

(4) "Science park infrastructure" means facilities that support the daily economic activity of a science park.

SECTION 5.

(a)

(1) There is created in the state treasury a revolving loan fund to be known as the "science parks loan fund".

(2) The department shall administer the fund and may adopt rules and regulations for such administration.

(3) All interest and earnings of the fund shall remain a part of the fund.

(4) No part of the fund shall revert to the general fund on any June 30, but shall remain a part of the revolving fund available for expenditure in accordance with the provisions of this part.

(b)

(1) The department shall deposit in the fund all receipts from the repayment of principal and interest on loans made pursuant to this part.

(2) The fund shall be established, maintained and credited with repayments, and the fund balance shall be available in perpetuity for providing such loans, pursuant to this part.

(c) The department shall deposit in the fund any federal funds allocated to the state pursuant to any federal act which has been determined by the department to be for the purpose of making loans to science parks and for which matching state funds are available.

(d)

(1) The department shall recommend annually to the general assembly the appropriate state funds necessary for the receipt of all available matching federal funds.

(2) State money appropriated to the department to carry out the provisions of this part may be used, in addition to other purposes, to match federal funds allocated to the state pursuant to any federal act for the purpose of making loans to science parks.

SECTION 6.

(a) The department shall administer a program for loans to science parks. The department may promulgate rules and regulations pursuant to title 4, chapter 5, to govern the application procedure for loans under this part as well as to effectuate the purposes of this part.

(b) The department shall, after notice and opportunity for public comment, establish a priority system for loans under this part that, to the maximum extent practicable, gives priority for the use of funds to projects based upon the:

(1) Creation of jobs at the science park each year for a period of five (5) years;

(2) Types of businesses and research entities expected in the science park and surrounding community;

(3) Letters of intent by businesses and research entities to locate in such science park;

(4) Capacity of the science park for expansion over a period of twenty-five (25) years;

(5) Capability to attract a well-trained workforce to the science park;

(6) Expected risks in the construction and operation of the science park;

(7) Physical infrastructure, including telecommunications; and

(8) Ability to communicate with other science parks.

(d) After providing for public review and comment, the department shall annually prepare a plan that identifies the intended uses of the amounts available to the fund. An intended use plan shall include:

(1) A list of the projects to be assisted in the first fiscal year that begins after the date of the plan, including a description of the science park, the expected terms and schedule of financial assistance;

(2) The criteria and methods established for the distribution of funds, including the priority system; and

(3) A description of the financial status of the fund and the short-term and long-term goals of the fund.

(h) The comptroller of the treasury shall make an annual audit of the fund as part of the comptroller of the treasury's annual audit of the department pursuant to § 9-3-211.

(i) The department shall have such other authority as may be necessary and appropriate for the exercise of the powers and duties conferred by this part.

SECTION 7.

(a) Loans shall be made only to science parks that:

(1) Are on the department's priority ranking list;

(2) Use the funds only for expenditures that will facilitate compliance with the federal act and this act or otherwise significantly further the objectives of those acts;

(3) In the opinion of the department, demonstrate technical, managerial, and financial capability to ensure compliance with the requirements of any applicable federal act and the provisions of this act;

(4) Establish a dedicated source or sources of revenue and demonstrate adequate security for the repayment of the loan;

(5) Agree to maintain financial records in accordance with governmental accounting standards and to conduct an annual audit of the system's financial records in accordance with generally accepted governmental auditing standards and with minimum standards prescribed by the comptroller of the treasury, and to file such audit with the comptroller; in the event of the failure or refusal of the system to have the audit prepared, then the comptroller of the treasury may appoint an accountant or direct the department of audit to prepare the audit at the expense of the system; and

(6) Provide such assurances as are reasonably requested by the department.

(b) Loan funds may not be used for the acquisition of real property or interests therein, unless the acquisition is integral to a project authorized by this section and the purchase is from a willing seller.

(c) The interest rate for each loan shall be less than or equal to the market interest rate, or the loan may be interest free.

(d) Principal and interest payments on each loan shall commence not later than one (1) year after completion of the project for which the loan was made, and each loan shall be fully amortized not later than twenty (20) years after the completion of the project.

SECTION 8. This act shall take effect upon becoming a law, the public welfare requiring

it.